

**MINUTES
of the
SIXTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**November 9, 2007
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The sixth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, at 10:00 a.m. on November 9, 2007 in the offices of the MFA in Albuquerque.

Present

Sen. Nancy Rodriguez, Chair
Rep. Daniel P. Silva, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley
Sen. Leonard Lee Rawson

Absent

Rep. Teresa A. Zanetti

Advisory Members

Rep. Andrew J. Barreras
Rep. Daniel R. Foley
Sen. Richard C. Martinez

Rep. Jose A. Campos
Sen. Phil A. Griego
Sen. John T.L. Grubestic
Sen. H. Diane Snyder

Also Present

Sen. Rod Adair

Staff

Doris Faust, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Friday, November 9

Senator Rodriguez welcomed committee members and guests to the meeting and committee members introduced themselves. Jay Czar, executive director of the MFA, introduced himself and staff members to the committee.

MFA — Status Update

Mr. Czar reported that the Governor's Task Force on Mortgage Lending had completed its report and submitted it to the governor. The task force had been convened to evaluate the impact of the national subprime lending crisis on in-state mortgage lending and to make recommendations to protect New Mexico consumers. The MFA provided administrative staff and support to the task force. Key issues studied by the task force included licensure of mortgage brokers, mortgage disclosure requirements and financial literacy programs.

The task force concluded that although New Mexico has less of a problem with subprime lending than many other states, steps could be taken to mitigate the potential problems created by subprime lending. The task force made recommendations for legislative reform; home-buyer counseling and financial literacy education; and loan originator licensing. Copies of the task force report were provided to all committee members.

Title Insurance Reform

Fred Nathan, executive director of Think New Mexico, noted that all committee members had been sent a report regarding title insurance. Mr. Nathan gave a brief background on Think New Mexico, which he described as a results-oriented think tank whose primary goal is to build and strengthen the middle class in New Mexico.

Mr. Nathan stated that increasing the number of homeowners is one of the best ways to increase middle class wealth. Think New Mexico has focused this year on title insurance and on reforming title insurance law as a means of increasing the ability of New Mexicans to afford their own homes. New Mexico is one of only three states where title insurance prices are set by state regulators. Think New Mexico contends that price regulation, which prohibits competition by title insurers, has created artificially high prices for title insurance.

Mr. Nathan discussed proposed legislation that will address minimum required coverage, what title insurance would protect against, lenders policies versus owners policies and deregulation of the industry to increase competition among title insurers. He also reported that deregulation should save New Mexicans approximately \$30 million in title insurance premiums.

The committee members agreed that they should see a copy of the bill before considering committee endorsement and decided to hear the matter at a future meeting. The committee will request approval from the Legislative Council to hold a meeting on December 21, 2007 in Albuquerque.

2008 Legislative Endorsements — MFA-Sponsored Legislative Initiatives

Mr. Czar, Joseph Montoya, Lionel Holguin and Erin Quinn of the MFA presented seven bills that the MFA proposed for committee endorsement and also requested endorsement of a capital outlay reauthorization. The committee agreed that the capital outlay reauthorization should be requested by the original sponsor of the capital outlay, and it endorsed the following bills:

- * an appropriation of \$15 million to the New Mexico Housing Trust Fund, to be sponsored by Senator Rodriguez;
- * an appropriation of \$2.5 million for a residential energy efficiency improvement loan program, to be sponsored by Senator Martinez;
- * an appropriation of \$5 million for a residential energy conservation program, to be sponsored by Senator Martinez;
- * an appropriation of \$2 million for an emergency home repairs program, to be sponsored by Senator Martinez;
- * an appropriation of \$2 million for a below-market home loans program, to be sponsored by Representative Gonzales;
- * an appropriation of \$1 million for a home buyer education program, to be sponsored by Senator McSorley; and
- * a bill to clarify the purpose of an appropriation passed by the legislature in the 2007 session for audits of regional housing authorities, to be sponsored by Senator Rawson.

2008 Legislative Proposals — MFA — Supported Legislative Initiatives

The New Mexico Coalition to End Homelessness requested additional funding of at least \$500,000 to the Human Services Department for a supportive housing program, and also requested \$760,000 to expand supportive housing services for youth who are coming out of foster care.

Mr. Czar, Richard Chavez and Ms. Quinn discussed the New Mexico Behavioral Health Purchasing Cooperative. Mr. Montoya discussed the Habitat for Humanity of New Mexico/Partners program.

Regional Housing Authority Update

Mr. Chavez provided a brief update of the regional housing authorities, reporting that:

- * a resolution was made to disband the board of Region II;
- * Region III still has audit issues, with three years of audits still needed;
- * the MFA has just provided Region IV with a new contract;
- * Regions V and VI both need to expand some programs, but these two regions do not have the problems that some of the other regions have;
- * Regions II and IV are the worst of the regional housing authorities, and both need to get into compliance with the federal Department of Housing and Urban Development requirements; and
- * the state auditor is doing an audit of all regional housing authority assets.

Minutes

Upon a motion made and seconded, the committee approved without objection the minutes from the September 2007 and October 2007 meetings of the MFA Act Oversight Committee.

Adjournment

The committee requested that the scheduled presentations regarding programs on tribal lands and land grants and on the MFA strategic plan be made at the next meeting. There being no further business before the committee, the sixth meeting of the MFA Act Oversight Committee for the 2007 interim was adjourned at 1:00 p.m.